



**Department of the Navy
Human Resources Service Center
Benefits Bulletin No. 2003-14**

**Flexible Spending Accounts (FSA)
Maximum Contribution to Health Care
Increased & FSA Open Season
Extended**

Good news for Federal employees! The maximum contribution that employees can elect under the FSAFEDS Program for a health care flexible spending account has increased to \$4,000. The decision to raise the limit was prompted by the recent Internal Revenue Service (IRS) announcement that over-the-counter (OTC) medicines may be reimbursed under a health care FSA. In addition, to allow employees more time to consider how much to elect, the FSAFEDS Open Season has been extended one week. **It now ends on December 15th.** While employees can change their FSAFEDS elections as many times as they wish during open season, employees are encouraged not to delay making their elections. This will ensure that your allotments are taken from the first pay date in January.

The fact that the Open Season for FSA has been extended does not affect the health insurance open season. The Open Season for the Federal Employees Health Benefits (FEHB) still ends on 8 December 2003.

WHAT IS A FSA?

There are two FSAs:

- A Health Care FSA [HCFSA], allows pre-tax reimbursement of eligible medical costs not covered or reimbursed by insurance. Examples include FEHB plan deductibles, co-payments and coinsurance, dental and vision services not covered by FEHB plans, etc.
- A Dependent Care FSA [DCFSA], allows participants to be reimbursed on a pre-tax basis for child care or adult dependent care expenses that are necessary to allow the employee (and his/her spouse) to work or seek work.

Unlike Premium Conversion, participation in a FSA is not automatic; employees must make a voluntary election on an annual basis. If an employee does not make an election during the open enrollment they will not have a FSA in the new plan year. The benefit election is irrevocable once the plan year has begun, unless the employee experiences a qualifying "change in status" event. Additionally, if by the end of the plan year the money in an employee's account is not used, the money will be forfeited.

FSA's are effective financial management tools that can stretch the disposable incomes of an account holder and ensure that funds are available, when needed, to pay for out-of-pocket medical expenses or dependent-care costs of a child or parent. Employees wanting to learn more about the FSAs or enroll in the FSA program can visit the Federal FSA Program web site at <https://www.fsafeds.com/>

Other site features that are available to you include:

- An overview on FSAs.
- A calculator to help estimate how much to put into either a HCFSA or DCFSA.
- Frequently Asked Questions (FAQs).

WHO DO I CONTACT IF I HAVE QUESTIONS?

All inquiries should be made directly to the program administrator by calling toll free at 1-877-FSAFEDS (1-877-372-3337). FSA program counselors are available Monday through Friday, 9 AM until 9 PM, Eastern Time, or email any questions to FSAFEDS@shps.net. For hearing impaired employees, the TTY/TDY number is 800-952-0450.

All civilian employees who are interested in enrolling in the Federal FSA Program should continue to monitor the FSA program's web site at <https://www.fsafeds.com/> for future updates or for enrollment information.

Your Human Resources Service Center (HRSC) is not involved in this program and therefore all inquiries should be made directly to the program administrator by calling the telephone number above.